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20 Sept. 62 25X1

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CENTRAL

INTELLIGENCE

BULLETIN



25X1

State Dept. review completed

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20 September 1962

CENTRAL INTELLIGENCE BULLETIN

CONTENTS

| 1. | USSR: | Khrushchev | again implies h | e plans new ac- |
|----|---------|--------------|-----------------|-----------------|
| | tion on | Berlin after | US elections. | (Page i) |

| 2. | West Germany - Cuba: Bonn prevents bloc from |
|----|---|
| | chartering West German ships for Cuban service. |
| | (Page ii) |

25X1

- 8. Yemen: Imam's death may lead to power struggle.

 (Page viii)
- 9. Ecuador: Transport workers' strike may spark political crisis. (Page ix)

25X1

11. Argentina. (Page xi)

CENTRAL INTELLIGENCE BULLETIN

20 September 1962

DAILY BRIEF

*USSR: Khrushchev has again used talks with Western European visitors to convey the impression he has decided on a series of actions which are to begin shortly after the US Congressional elections and lead to the signature of a separate peace treaty with East Germany.

Speaking with Austrian Vice Chancellor Pittermann on 17 September and with former Belgian Economics Minister Scheyven the following day, he implied that Soviet contacts with US leaders during the next two months might be the final opportunity to negotiate a Berlin settlement.

Khrushchev stated that Gromyko, now in New York for the UN General Assembly, has instructions to contact Secretary Rusk to resume Berlin talks. Khrushchev said he is thinking of going to New York during the second half of November and that he would expect to meet with President Kennedy. He indicated that he was not optimistic these contacts would produce favorable results, and that when it was clear nothing would be gained by further talks, the USSR would put the Berlin question before the General Assembly. He implied that the Soviet Union would first argue the "legitimacy" of its case before the UN and seek to place responsibility on the West for "undesirable consequences" before proceeding with the separate treaty.

Khrushchev reiterated previous statements that after the treaty is signed, there will be freedom of access to West Berlin for civilian traffic, but the

25X1

25X1

Western powers will not be permitted to use the access routes to supply their Berlin garrisons.

On Cuba, Khrushchev took a belligerent line, charging that the US intends to blockade Soviet shipping, and that this would be an act of war. He told Pittermann that Soviet ships have instructions to proceed even if fired on by US warships, and said the USSR would use submarines and rockets to enforce its right of passage. Khrushchev also hinted that US intervention in Cuba would spark Soviet reaction in Berlin. Later in the conversation, however, he suggested that common sense would prevail and there would be no ward.

25X1

West Germany - Cuba: Bonn is taking steps to prevent the bloc from chartering West German ships for Cuban service. A new ordinance, to take effect within a week, would require licenses for all West German ship charters, and would bar Cuba as a destination.

West Germany has provided a much smaller share of bloc-chartered shipping for the Cuban run this year than Greece, the UK, or Norway.

The West German officials stressed the importance of persuading other NATO nations to take similar steps so as to forestall complaints from German shipping interests.

25X1

20 Sept 62

DAILY BRIEF

ii

Next 5 Page(s) In Document Exempt

Ecuador: A strike launched on 17 September in Guayaquil by a Communist-dominated transport workers' union may touch off a new political crisis.

Communists and other leftist extremists plan to embarrass President Arosemena's administration by encouraging other sympathy strikes, such as the oilfield workers' strike which began on 18 September. The Communists also hope to call a general strike and create enough public disorder to force Arosemena to use troops to restore order.

The Communists intend to demonstrate that Arosemena's government cannot maintain order and that his reform program is inadequate. Arosemena's rightist enemies in Congress, who insist that his reform program is too liberal, will not hesitate to use public discontent as an excuse for an attempt to impeach him.

25X1

*Argentina: The military crisis created by the refusal of Campo de Mayo garrison officers to be dismissed by the military high command continues, and there is some possibility of actual armed clashes.

Yesterday the two opposing factions fought a war of communiqués and ultimata, but each seemed reluctant to risk an open use of force against the other. Both apparently were waiting for the military commands outside the Buenos Aires area to choose sides.

President Guido apparently finds himself at the moment a virtual prisoner of the military high command, the majority of which advocates the establishment of a long-term military dictatorship to rid Argentina of Peronism and Communism through strong repressive measures. The Campo de Mayo rebels favor constitutionality, moderation toward the Peronistas, and a quick return to full democratic government.

As of 0430 EDT this morning, no fighting had been reported. Should hostilities break out between the army factions, it is likely that most of the Air Force would support the Campo de Mayo group. Navy sentiment, on the other hand, favors a hard line towards the Peronistas and would be aligned with the military high command. The general public, meanwhile, long since disillusioned with Guido's ineffective administration, apparently continues to view the struggle within the armed forces with apathy.

25X1

20 Sept 62

DAILY BRIEF

хi

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